

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1741-03
Bill No.: HB 1196
Subject: Tourism; Elderly
Type: Original
Date: April 7, 2015

Bill Summary: This proposal establishes the Missouri on the Go Fund to advertise Missouri to retirees in other states.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$3,165,000 to \$21,665,000)	(\$2,600,000 to \$21,100,000)	(\$2,600,000 to \$21,100,000)
Total Estimated Net Effect on General Revenue	(\$3,165,000 to \$21,665,000)	(\$2,600,000 to \$21,100,000)	(\$2,600,000 to \$21,100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Missouri on the Go*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfer In and Cost net to zero.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials at the **Department of Economic Development's Division of Tourism (MDT)** assume they would be responsible for creating promotional materials, creating new initiatives and pilot programming, testing advertising concepts and conducting research to determine the market, developing marketing strategies, and marketing the state to encourage retirees to relocate to Missouri. In addition, MDT would be responsible for conducting research to determine the number of retirees that have relocated to Missouri as a result of our efforts and estimating the economic impact of our efforts. This information would be submitted to the general assembly in an annual report.

MDT assumes they would need to create television spots, print and digital advertising, and an online website that touts the virtues of retiring in Missouri and what the state has to offer. In addition, MDT would need to contract with an agency or production company to concept and handle pre-production and production. MDT would also have to place and buy media to encourage and promote the relocation of retirees to Missouri. Depending on the scope and markets of the media, MDT estimates the cost to place and buy media would vary.

For the purposes of this fiscal note, MDT assumes the campaign effectiveness research would be conducted annually. Other research would be conducted approximately every five years and the advertising campaign would be refreshed accordingly. MDT assumes other costs would be one-time costs in FY16.

MDT estimates the cost of implementing the provisions of the proposal as follows.

Research studies -

Awareness Study (FY16)	\$40,000
Campaign Effectiveness Study (annually)	\$100,000
Advertising Testing (FY16)	\$20,000

ASSUMPTION (continued)

Production -

TV/Print (FY16)	\$330,000
Digital (FY16)	\$100,000
Pre-Production and Production Agency Fees (FY16)	\$75,000
Place and Buy Media (annually)	\$2,500,000 to \$6,000,000
Total Cost in FY16	\$3,165,000 to \$6,665,000
Total Cost (ongoing)	\$2,600,000 to \$6,100,000

Officials at the **Department of Health and Senior Services** assume no fiscal impact from this proposal to their organization.

Oversight notes this proposal states the Missouri on the Go Fund shall be financed by a one time, \$15,000,000 appropriation by the General Assembly. At the start of every fiscal year thereafter, the fund shall be appropriated an amount sufficient to return the balance of the fund to \$15,000,000. Therefore, Oversight will show the fiscal impact as \$0 (no appropriation made) to \$15,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Cost - MDT - research studies</u>			
Awareness Study (one-time)	(\$40,000)	\$0	\$0
Campaign Effectiveness Study	(\$100,000)	(\$100,000)	(\$100,000)
Advertising Testing (one-time)	(\$20,000)	\$0	\$0
TV/Print Production (one-time)	(\$330,000)	\$0	\$0
Digital Production (one-time)	(\$100,000)	\$0	\$0
Agency Fees (one-time)	(\$75,000)	\$0	\$0
Place and Buy Media	(\$2,500,000 to \$6,000,000)	(\$2,500,000 to \$6,000,000)	(\$2,500,000 to \$6,000,000)
<u>Total Cost - MDT</u>	(\$3,165,000 to \$6,665,000)	(\$2,600,000 to \$6,100,000)	(\$2,600,000 to \$6,100,000)
	\$0 to	\$0 to	\$0 to
<u>Transfer Out - Missouri on the Go Fund</u>	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$3,165,000 to \$21,665,000)	(\$2,600,000 to \$21,100,000)	(\$2,600,000 to \$21,100,000)
MISSOURI ON THE GO FUND			
<u>Transfer In - appropriation from General Revenue</u>	\$0 to \$15,000,000	\$0 to \$15,000,000	\$0 to \$15,000,000
<u>Cost - marketing, promotion services, pilot programming, operating expenses</u>	\$0 to (\$15,000,000)	\$0 to (\$15,000,000)	\$0 to (\$15,000,000)
ESTIMATED NET EFFECT ON MISSOURI ON THE GO FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill creates the "Missouri on the Go Fund" with monies in the fund to be used for marketing, contracts for specialized promotion services, and creating new initiatives and pilot programming to encourage and promote the relocation of retirees to Missouri.

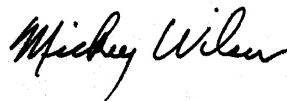
In the event the amount of net general revenue collected in a fiscal year exceeds the amount of net general revenue collected in the previous fiscal year by at least 3%, the fund must be financed by a one time, \$15 million appropriation by the General Assembly. At the start of every fiscal year thereafter, the fund must be appropriated an amount sufficient to return the balance of the fund to \$15 million.

The Division of Tourism within the Department of Economic Development is required to submit an annual report to the General Assembly detailing the benefits authorized under this program as required.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Economic Development's Division of Tourism



Mickey Wilson, CPA
Director
April 7, 2015

Ross Strobe
Assistant Director
April 7, 2015